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PLANNING AND LOCAL GOVERNANCE PROJECT IN ALBANIA

YEAR 1 WORK PLAN
(JANUARY 2012 – SEPTEMBER 2012)

MARCH 30, 2012

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ACRONYMS AND ABBREVIATIONS

AAM	Association of Albanian Municipalities
CBO	Community-Based Organization
COP	Chief of Party
COR	Contracting Officer's Representative
CSO	Civil Society Organization
DCM	Decision of the Council of Ministers
DO	Development Objective
DSDC	Development Strategy and Donor Coordination
EU	European Union
FY	Fiscal Year
ICT	Information and Communications Technology
IPA	Instrument for Pre-Accession Assistance
IPT	Immovable Property Tax
ISD	Integrated Support for Decentralization
IT	Information Technology
ITS	Intergovernmental Transfers System
GDT	General Directorate of Taxation
GIS	Geographic Information System
GIZ	*Deutsche Gesellschaft für Internationale Zusammenarbeit*
GoA	Government of Albania
GNTP	General National Territorial Plan
LGU	Local Government Unit
LGPA	Local Governance Program in Albania
M&E	Monitoring and Evaluation
MCI	Municipal Capacity Index

MoE	Ministry of Environment
MoF	Ministry of Finance
MoI	Ministry of Interior
MOU	Memorandum of Understanding
MPWT	Ministry of Public Works and Transportation
NGO	Nongovernmental Organization
NTPA	National Territorial Planning Agency
OSCE	Organization for Security and Co-operation in Europe
PIT	Personal Income Tax
PLGP	Planning and Local Governance Project
PMP	Performance Monitoring Plan
PPP	Public-Private Partnership
QSIP	Quality Service Improvement Plan
RDF	Regional Development Fund
SB	Supervisory Board
SDC	Swiss Agency for Development and Cooperation
SIDA	Swedish International Development Cooperation Agency
STA/M	Senior Technical Advisor/Manager
TPL	Territorial Planning Law
USAID	United States Agency for International Development
USD	U.S. Dollars
USG	United States Government
WRA	Water Regulatory Agency
WWAA	Water and Wastewater Association of Albania

1.0 OVERVIEW

On January 3, 2012, Tetra Tech ARD was awarded the five-year USAID *Planning and Local Governance Project* (PLGP) in Albania. The goal of PLGP is to provide technical assistance and training to the Government of Albania (GoA) and Albanian local government institutions to help the GoA and local governments successfully implement decentralization legislation, policies, and reforms. To achieve this goal, the Project will provide assistance in the following four areas:

Component I: Support the GoA's work to implement effective government decentralization policies and legislation.

Component II: Improve the efficiency, transparency, and accountability of local government operations.

Component III: Improve local government management and oversight of selected public utilities to provide services in accordance with European Union (EU) standards.

Component IV: Strengthen the capabilities of the GoA and local governments to plan and manage urban and regional growth.

The PLGP is designed to contribute to USAID/Albania's Development Objective #1, *Strengthened rule of law and improved governance* as elaborated in the recently released Albania Country Development Cooperation Strategy: 2011 – 2015. Development Objective # 1 (DO#1) supports the strengthening of democratic institutions in the country by improving the judiciary and governance of health care, deepening the decentralization process, and rooting out corruption, with the goal of advancing democracy in the country while meeting key criteria for Albania's accession to the EU.

1.1   STRUCTURE OF THE WORK PLAN

Per the Tetra Tech ARD Contract with USAID, the Year 1 Work Plan covers the period from the Contract effective date of January 3, 2012 through September 30, 2012, to coincide with the remainder of the U.S. Government (USG) fiscal year 2012. Activities during this work plan period are heavily focused on the administrative and technical start-up of PLGP, including the selection of municipal partners and the various assessments that will provide the Project with a baseline and the basis for its activities over the next five years of implementation. This work plan is structured in two ways. First, we present a narrative section (Section 1), which describes the overall technical approach that will be used in Year 1 and the activities that will be taken under each component toward the stated tasks and deliverables of PLGP, including activities that are required for project start-up and for Monitoring and Evaluation of the Project. Secondly, we present an Implementation Timeline (Section 7) that provides a detailed plan of activities that will be undertaken during the remaining eight months of the work plan period for each of the four project components: Component I, Decentralization Framework; Component II, Local Governance; Component III, Utility Management; and Component IV, Urban Planning as well as for Monitoring and Evaluation.

Under each component, the expected results of the component *to be accomplished over the lifetime of the project* and the relevant indicators are listed. Including the expected results in the work plan ensures that all activities undertaken by USAID's Planning and Local Governance Project are specifically aimed at achieving program goals. Target dates refer to fiscal year quarters, thus this work plan for Year 1 covers the period starting in Fiscal Year (FY) 2012, Quarter 2 through Quarter 4. When activities will be implemented throughout the duration of the work plan, the target date is listed as 'ongoing.'

1.2   PROJECT START-UP ACTIVITIES

Mobilization for the program began immediately upon contract award with a home office Start-up Meeting for the Implementation Team and initial phone call with the USAID Contracting Officer's Representative (COR) and Contracting Office regarding various administrative issues related to staff salaries and our requests for consent to subcontract. We moved quickly forward with the hiring of key members of our local administrative team, Finance and Administration Manager Ms. Majlinda Vogli and Driver/Logistics Specialist Mr. Kujtim Cuku. During January, key administrative tasks required for start-up were completed, including contracting local staff, leasing office space and housing, and facilitating initial procurement of office furniture and equipment. The Tetra Tech ARD Home Office prepared responses to the administrative questions raised by the Contracts Office on the proposed salary rates for long-term project staff, and once approval was granted, we proceeded with signing the employment agreements with the long-term international and local professional and administrative staff. The Project also took possession of and registered the two vehicles that USAID transferred to PLPG.

The arrival of the Chief of Party (COP), Peter Clavelle, on January 27, marked the commencement of the technical start-up of the Project beginning with initial discussions with USAID, staff, and local partners. Tetra Tech ARD's Senior Technical Advisor/Manager (STA/M), Kathy Stermer, arrived in Albania on February 5 to assist with project start-up and work plan development. In February, the focus was on making the project office operational, as well as developing the Year 1 Work Plan, updating the Life of Project Work Plan, and finalizing the Performance Monitoring Plan. Tetra Tech ARD's home office Monitoring and Evaluation Specialist, Joseph Le Clair, traveled to the field February 4–18 to work with the COP and team to finalize the draft Performance Monitoring Plan (PMP).

In parallel to these work planning and PMP efforts, the PLGP team began work on one of the first contract deliverables, the delivery of an analysis that ranks and recommends 10-15 candidate municipalities, with adjacent communes, for participation in PLGP Components II, III, and IV. This selection process is described in detail below. The PLGP mobilization period, which commenced with the Contract effective date (January 3, 2012), will finish with the submission of the recommended list of 10-15 partner municipalities approximately 90 days later (o/a March 30, 2012).

1.3   MUNICIPAL SELECTION PROCESS

The initial task to be undertaken by PLGP is a process of ranking and assessment to identify a targeted group of 10-15 candidate local governments for inclusion in the Project. Size was the initial criteria used for narrowing the list of potential candidates. Albania has 374 municipalities and communes, of which only 29 (24 municipalities and five communes) have populations in excess of 18,000 (according to the 2009 Civil Registry). Given the desire for PLGP to work with local government units (LGUs) that have experienced significant urban growth in the past few years, as well as the desire to work in LGUs that have the potential for high impact, we proposed populations of greater than 18,000 as the initial cut-off level for participation in PLGP. The 29 municipalities and communes that meet this requirement contain nearly 50 percent of the total population of Albania, and hence speak to the ability of the Project to have impact on a significant portion of the total population of the country. Location is also an important criterion, and Tetra Tech ARD will take geographic factors into consideration during this initial screening process. We will also screen for total metropolitan area population (center city plus logically related communes), areas with high growth rates over the past two decades (largely the coastal lowlands), and areas with significant environmental and/or tourism value. We will aim to include at least one community from each of Albania's 12 *qarks*, or counties. Table 1.1 below lists the 29 municipalities and communes that meet these initial criteria for inclusion in PLGP.

Table 1.1: Municipalities and Communes that Meet Tetra Tech ARD's Initial Selection Criteria

COMMUNITY	QARK	POPULATION*	MUNICIPALITY OR COMMUNE?	LGPA PARTICIPANT?
Tirana	Tirana	604,750	Municipality	No
Durres	Durres	197,953	Municipality	No
Vlora	Vlora	132,159	Municipality	No
Elbasan	Elbasan	122,087	Municipality	Yes
Shkodra	Shkodra	111,046	Municipality	Yes
Korca	Korca	86,654	Municipality	Yes
Fier	Fier	82,824	Municipality	Yes
Kamez	Tirana	76,032	Municipality	No
Berat	Berat	62,842	Municipality	No
Lushnije	Fier	53,337	Municipality	No
Saranda	Saranda	39,469	Municipality	No
Kavaje	Tirana	38,818	Municipality	No
Pogradec	Korca	38,458	Municipality	Yes
Paskuqan	Tirana	38,147	Commune	No
Gjirokaster	Gjirokaster	33,487	Municipality	No
Patos	Fier	30,944	Municipality	No
Kucova	Berat	30,323	Municipality	No
Lac	Lezhe	29,355	Municipality	No
Lezhe	Lezhe	26,656	Municipality	Yes
Rashbull	Durres	26,645	Commune	No
Sukth	Durres	24,654	Municipality	No
Fushe-Kruja	Durres	23,863	Municipality	Yes
Bushat	Shkodra	22,698	Commune	No
Rrethinat	Shkodra	22,678	Commune	No
Mamurras	Lezhe	21,498	Municipality	No
Kukes	Kukes	20,437	Municipality	Yes
Kashar	Tirana	20,326	Commune	No
Peshkopi	Diber	18,486	Municipality	No
Vore	Tirana	18,008	Municipality	No

* Source: Civil Registry Data, 2009

Following receipt of USAID's agreement with these initial screening criteria, the next step in the process was to issue *Letters of Invitation* to the mayors and council chairmen in these 29 candidate LGUs to participate in the PLGP selection screening process. The Letter of Invitation, which was sent on February 20, outlined the broad parameters of PLGP and identified key commitments that will be expected of successful partner communities in the program. These commitments include willingness to cost-share, to hire and retain critical staff, and to adopt an inclusive and transparent approach to local government decision making.

A *Self-Assessment Questionnaire* was included with the invitation to elicit detailed and quantitative information from the candidate communities regarding the current status of tax collection, asset management, information technology (IT) and e-governance capability, territorial planning, various public services, environmental compliance, energy efficiency, and citizen and business participation in local decision making. The LGUs had approximately 10 days to complete these self-assessment questionnaires, which were prepared to cover the functional areas of Tetra Tech ARD's Municipal Capacity Index (MCI) tool, which will be used during the field visits to collect information on the capacity of the LGUs in the following areas.

Table 1.2: Functional Areas Covered by the Municipal Capacity Index

OPERATIONS MANAGEMENT	PARTICIPATION AND INCLUSION	PERFORMANCE	FINANCIAL MANAGEMENT
• Strategic Planning • Budgeting for Results • Purchasing & Procurement	• Participatory Planning & Budgeting • Public Accountability & Transparency	• Economic Development • Administrative Transparency	• Expenditure Monitoring & Programming • Capital Investment Planning

OPERATIONS MANAGEMENT	PARTICIPATION AND INCLUSION	PERFORMANCE	FINANCIAL MANAGEMENT
• Service Delivery • Infrastructure Operation & Maintenance	• E-Governance • Communications & Outreach • Gender Promotion • Youth & Roma Involvement	• Environmental Compliance • Energy Efficiency • Cost Recovery	• Tax Collection & Enforcement • Asset Management • Debt Management

Based on the responses received to the self-assessments, PLGP will identify a shortlist of approximately 18–22 communities that will be further considered for inclusion in PLGP. To assess the suitability of this group of candidate communities, field visits will be conducted to each shortlisted community to extend the dialogue, deepen and validate our understanding of local conditions, identify and meet with other stakeholders in the community, and determine political will to undertake necessary reform and to participate in PLGP.

This field assessment process will be guided by Tetra Tech ARD's proprietary *Municipal Capacity Index*. The MCI will also help us to establish a baseline for the Project's Performance Monitoring Plan, and thus objectively measure municipal improvement and program impact. As part of the assessment process, PLGP will identify potential public-private partnership (PPP) partners and counterpart nongovernmental organizations (NGOs), including those that represent the interests of women, youth, and minorities in the proposed partner communities. PLGP will include consideration of gender, youth, and Roma issues in the assessment to improve understanding of the partner communities and inform program activities to address these issues, thereby establishing a baseline by which to gauge efforts of partner communities to increase engagement with these disadvantaged groups. This municipal screening and selection process will be carried out by two qualified short-term specialists: David Smith, former Chief of Party on the Local Governance Program in Albania (LGPA); and Lynnette Wood, Senior Associate at Tetra Tech ARD and principal developer of the MCI.

Following the field visits, within 90 days of the Project start-up, the assessment results (including questionnaire and field visit data, and expressions of support by local officials and community representatives) and project recommendations for the selection of 10 to 15 core partner communities will be compiled, ranked, and presented to USAID in a Selection Report for review and concurrence.

1.4 PROJECT LAUNCH AND MEMORANDUM OF UNDERSTANDING SIGNING EVENTS

Partner communities will be required to enter into a formal Memorandum of Understanding (MOU) with the Project. The MOUs will include specific commitments of intent to cooperate with PLGP (e.g., to adopt an inclusive approach to participatory governance; work closely with local citizens, civil society representatives, and local business associations; make appropriate cost-share contributions; and provide other essential technical or administrative support for PLGP interventions). The MOUs will be signed by the mayor and approved by the municipal council of each successful partner community. The Project will organize a Project Launch event on April 26, at which time the MOUs with the partner communities will be signed. This Launch event will provide an opportunity to inform the broader public about the goal and objectives of PLGP, as well as to publicize the commitment to cooperate with our partner communities. Key GoA officials, representatives of LG associations, and key NGOs as well as donors will be invited to participate in this event.

1.5 DECENTRALIZATION CONFERENCE AND ROUNDTABLE

During Year 1 of PLGP, a National Decentralization Conference will be convened and essential steps will be taken that will result in the formalization of a Decentralization Roundtable early in Year 2. These steps

will enable full deliberation and debate on key policy issues for the duration of the PLGP and bring together all key stakeholders with the goal of advancing decentralization in Albania. The Conference will be held in September and will be organized in collaboration with the GoA and other stakeholders. At the Conference, the White Paper on Fiscal Decentralization will be presented and discussed and "status reports" on other key local governance issues will be used to reenergize a discussion and build a consensus on actions necessary to advance decentralization and strengthen local governance. PLGP will conduct research on the intergovernmental transfer system in Albania beginning in March, with the objective being to use it as the background information for the White Paper. The discussion on the intergovernmental transfer system in Albania has been extensive, with several ad hoc studies and research conducted, but, to date, there has been no systematic and coordinated approach involving the GoA, especially the Ministry of Finance. The Decentralization Roundtable, envisaged as an outcome of the National Decentralization Conference, will provide a forum to develop and advocate for equitable and objective criteria for the distribution of the Regional Development Fund and administration of the competitive grants process.

The Roundtable, to be formally launched at the Conference, will include 20 to 25 expert representatives from key stakeholder groups. Discussions with stakeholders in the early months of the PLGP will build consensus on decentralization goals and secure commitments to support and participate in the Roundtable. The PLGP will assume responsibility to regularly convene the Roundtable and provide technical support to inform policy development. The Roundtable will serve as a key forum for periodic debate and discussion, focusing on key decentralization legislative and policy issues such as the competitive grants process, the Local Government Finance Law, institutionalization of the National Territorial Planning Agency (NTPA), and other key policy and implementation issues raised by the ongoing decentralization process.

To provoke dialogue and promote consensus prior to the Decentralization Conference, a series of "issue dialogues" will be organized on issues related to local borrowing, local revenues / immovable property tax revenues, and local asset management. Based on these discussions, as noted above, a series of "status reports" will be prepared.

1.5.1 Intergovernmental Transfer System

The system of intergovernmental transfers and the transfer of resources to sub-national governments are among the main decentralization debates occurring in Albania. The system has been monitored regularly by USAID[1] and the World Bank,[2] and several reports and recommendations have been prepared and delivered to the respective line Ministries.[3] Most of them focus mainly on the principles and rules that define the distribution of intergovernmental transfers and recommend that these rules be defined in a more permanent form through legislation.

Starting from 2006, the GoA introduced grants as an important source of revenue to finance capital investments at the local level, distributed on a competitive basis. The criteria for project selection are

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[1] Schroeder, L. (2004). "Albania: Fiscal Decentralization Policy Study" USAID / LGDA[1] World Bank (2003). Albania: Fiscal Decentralization Study, Executive Summary; World Bank (2004a). Albania: Decentralization in Transition, Volume I: Summary Report and Matrix of Issues and Options, Report no. 27885-ALB; World Bank (2004b). Albania: Decentralization in Transition, Volume II: Analytical Report, Report no. 27885-ALB; World Bank, (2008). Albania Local Finance Policy Note, Programmatic Public Expenditure and Institutional Review, Report no. 44109-AL; Ministry of Local Government and Decentralisation previously, or to the today Ministry of Interior and also Ministry of Finances Report "Assessment of design and performance, recommendations for improvements and support in reforming the Regional Development Fund," EU-UNDP project "Integrated Support for Decentralization," 2010.

[2] World Bank (2003). Albania: Fiscal Decentralization Study, Executive Summary; World Bank (2004a). Albania: Decentralization in Transition, Volume I: Summary Report and Matrix of Issues and Options, Report no. 27885-ALB; World Bank (2004b). Albania: Decentralization in Transition, Volume II: Analytical Report, Report no. 27885-ALB; World Bank, (2008). Albania Local Finance Policy Note, Programmatic Public Expenditure and Institutional Review, Report no. 44109-AL.

[3] Ministry of Local Government and Decentralisation previously, or to the today Ministry of Interior and also Ministry of Finances.

general and there is no standard scoring system used in determining which grant requests to fund, thus the distribution of funds has been carried out in an ad-hoc manner to date and distributed among LGUs in a fragmented, inefficient way. Political affiliation has a significant impact on how the competitive grants are distributed. The discussion starts in the political arena and continues in the professional circles.

A recent study financed by OSI Budapest examines the politicization of the Intergovernmental Transfer System (ITS) in Albania (2010), with a focus on competitive grants. As one of the findings of that study, local leaders concluded that the competitive grants would work better if distributed as part of the unconditional transfers that are provided for in the organic budget law which is based on the population of each LGU.

In 2010, the competitive grant was reorganized as the Regional Development Fund (RDF). RDF was introduced as an exercise for regions to prepare themselves to apply for structural and investment funds from the financial institutions of the EU. RDF bears similar criteria as competitive grants, and the distribution process has been almost the same in 2010. Law 10190/2009 "On state budget for the year 2010" establishes the scoring system of development fund criteria, assigning a range of points for each of them.

The Integrated Support for Decentralization (ISD) project, financed by EU-United Nations Development Program (UNDP) and implemented by UNDP, has proposed new project selection criteria after an analysis provided in the report for regional development funds.[4]

The Albanian Association of Communes undertook another study financed by the Swedish International Development Cooperation Agency (SIDA) that focused mainly on the local revenues in Albania. The discussion on the shared taxes, as the missing pillar in the intergovernmental finance system in Albania, was reopened through this study. The author argues that it would be logical to introduce personal income tax (PIT)-sharing as part of the intergovernmental transfer system in Albania.

Our review of the ITS in Albania will build on the body of research that already exists, and will take a comprehensive approach to the system and solutions proposed. The Decentralization Roundtable will be used as a forum to develop and advocate for a set of equitable criteria for the distribution of the RDF and administration of the grants process.

The PLGP will engage an international municipal finance/decentralization expert to lead the effort to draft the White Paper on Fiscal Decentralization (as noted in Section 1.5 above). This effort will be supported by Albanian local governance finance experts and will begin in March with research and a thorough analysis of the current structure of municipal finance and the intergovernmental finance system in Albania. The White Paper will provide an objective basis upon which to frame the discussion of issues concerning intergovernmental finance by and between representatives of the Government of Albania, local governments, and other key stakeholders. Building on the existing body of research and analysis, the White Paper will offer a comprehensive approach to the reform of Albania's intergovernmental transfer and grant-making system. The analysis will closely examine the above noted study undertaken by the AAC and will include consultations with Mr. Tony Levitas, the author of that study.

The PLGP approach will be consultative and will strive to build consensus among key stakeholders. The international consultant and Albanian experts, following a search of existing literature and the review of existing reports and studies, will consult with key stakeholders and experts in Albania during the month of May. Early on a research methodology will be designed and relevant data will be collected and critically analyzed. The "state of the art" related to competitive grants rationale and theories will be studied and prepared through desk-review and literature search. Interviews will be used to collect more

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[4] Report "Assessment of design and performance, recommendations for improvements and support in reforming the Regional Development Fund," EU-UNDP project "Integrated Support for Decentralization," 2010.

qualitative information from both local governments and the central government. Representatives from political parties will also be interviewed and invited to participate in policy discussions. The dialogue concerning competitive grants and intergovernmental transfers will include local government officials, representatives of local government associations, and GoA representatives (particularly the Ministries of Finance and Interior, the Development Strategy and Donor Coordination [DSDC], and key members of Parliament). Strategic partnerships will be established with other donors actively engaged in local governance and advocating for fair and equitable grant-making criteria (including the SDC, SIDA, and UNDP).

A draft of the White Paper will be completed by June and will be shared and vetted with key stakeholders in July and will be finalized in August. The White Paper will be presented and discussed at the National Decentralization Conference scheduled for September.

1.5.2 Local Borrowing

In follow-up to the assistance LGPA provided on Local Borrowing, additional assistance has been offered to the LGUs through a Soros-funded project. The Institute for Training of Public Administration has provided training for LGUs related to the legal framework and procedures of application for local borrowing. Coaching and capacity building on the process of selecting and preparing bankable proposals (focusing on creditworthiness, feasibility studies, etc.) is offered to both local governments and the banking sector by Co-PLAN.

Still, the main issue related to local borrowing in Albania remains the cap introduced from the Ministry of Finance, which limits the yearly disbursements of the loans to 2.5 percent of the operational budget of the LGUs.

During the first six months of the Project, PLGP will coordinate with Soros and other donors working in the same field to focus the attention of the Government of Albania on the local borrowing issues. A forum will be organized by the end of May 2012 in collaboration with other donors and possibly with the Ministry of Finance. Building support for the repeal of the Administrative Orders implemented by the Ministry of Finance (MoF) that constrain local borrowing will be the objective of this forum.

1.5.3 Own Source Revenues / Immovable Property Tax

A short-term action plan on how to improve local revenues from the immovable property tax (IPT) was prepared and implementation was initiated with some of the partner LGUs during LGPA. PLGP intends to continue this discussion with the PLGP partner communities. Once the MoU is signed, PLGP will work with each of the LGUs in developing action plans for improving own source revenues with a focus on the property tax.

Based on the "Status Report" on own source revenue and the assessment of principal sources of local tax revenue in all partner cities (and the signing of the MOUs), PLGP will provide "on-the-job training" and "as-needed" guidance through the balance of Year 1. Following the examination of the Tax on Immovable Properties as an opportunity to increase local revenues, a Regional Roundtable /Workshop will be held in conjunction with the local government associations. In this Roundtable, which will be followed by two others during Year 2, we intend to assess the lessons learned and identify the best practices related to generating revenues of the LGUs participating in PLGP. Short- and medium-term recommendations for improving the collection of IPT revenues will be developed by the PLGP. Specific short-term action plans for improving own source revenues from the IPT will be developed with individual PLGP partner communities.

In addition to the Tax Officials from PLGP partner cities and other LGU representatives of the region, responsible senior officials from the GoA will be invited to the Regional Workshops and will be encouraged to actively participate in the ongoing dialogue.

1.5.4 Asset Management

As property is devolved to local control, management of public assets becomes an important municipal responsibility. Proper asset management is essential for good municipal financial management. Better management of assets can improve public services directly, by reducing waste and unnecessary operating costs. Further, as the process of transferring immovable property from the central government to LGUs moves toward completion, LGUs are faced with new challenges, including but not limited to registration of transferred assets as well as efficient and creative ways to utilize their new assets to improve the quality and quantity of services provided to their citizens.

To address these needs, and following on the assistance provided under LGPA, PLGP will focus attention on the following activities related to municipal assets:

- Work with central government agencies and partner communities to support completion of asset transfer from the central government;

- Work with GoA and partner communities to explore the opportunity to develop comprehensive regulations and guidelines to which LGUs can be referred in regard to asset management. These regulations and guidelines can both combine and improve the existing applicable legislation;

- Assist partner communities in registering transferred assets;

- Build local capacities in asset management; and

- Provide technical assistance to partner communities in the development of municipal projects that involve use of public assets as needed.

These activities will be initiated in the first year, but will continue throughout the life of the PLGP.

1.5.5 Utility Management

In 2007, the GoA transferred ownership of publically owned utility companies, such as water, wastewater treatment, and solid waste management, to municipalities and communes. Local governments, however, face serious challenges in jointly overseeing the utility companies. Roles and lines of responsibility among the joint supervisory boards are not clear, thereby minimizing their authority and effectiveness to provide oversight of policies, costs, performance, and compliance with EU standards and EU environmental standards in particular. Local governments lack plans for exercising effective joint oversight and decision making in such areas as appointing staff, approving budgets, analyzing user fees, and monitoring implementation of their decisions. Local governments also lack effective collaboration with GoA regulatory agencies such as the Water Regulatory Agency (WRA) and the Association of Water Suppliers.

During 2012, the Component III team will work closely to improve local government management and oversight of select public utilities to provide services in accordance with EU standards. During the start-up of the program, the Tetra Tech ARD team will undertake a selection process to determine which Albanian municipalities and communes will be included in PLGP as partner communities. It is expected that from this selection process, PLGP will identify 10-15 partner communities to work with throughout the life of the project. At the same time, eight jointly owned water work companies located in whole or in part within the partner communities will be selected for participation in PLGP.

Following the selection process, the Component III Team will:

- Update the Supervisory Council Guideline and Training Manual. The Component III Team will work closely with the WRA to review and update the existing Supervisory Council Training Guideline and Trainers Manual to reflect the changes related to legal framework, the recently approved Tariff Methodology, and the Tools and Methodologies to Monitor Utility Performance and oversight. The project team will hold planning meetings with the WRA to agree on a schedule for conducting trainings with Supervisory Boards (SBs) of water utilities owned by partner communities to take place in Year 2.

- Assist selected LGs and SBs in particular in developing skills, defining roles and building knowledge needed to effectively manage and oversee jointly owned utility companies. The Component III Team will introduce the Business Planning Model and Process to senior management and the Supervisory Councils of partner utilities. During the month of September, the project team will commence work with two partner utilities to update their business plans, focused on quantified strategic goals, defined performance improvement programs, a forecasted financial plan that progresses toward full cost recovery, and a rational tariff strategy. In addition, a thorough review of the Management Reporting Practices for each partner utility will be carried out to assist the team in a later phase to recommend areas of improvement.

- Assist GoA and LG in ensuring that laws, policies, procedures, and services are consistent with EU standards and environmental standards. The Component III Team will meet with the GoA officials and other donors to review the current status and commitment to move toward convergence of Albanian legislation with EU Water Directives and develop a plan for project engagement. The project team will review the legal framework in Albania in the areas of water, wastewater, and possibly solid waste and start to outline a draft training course on EU environmental laws, standards, and practices in the water, wastewater, and solid waste management fields.

- Assist in improving interaction and communication among the selected local governments, GoA, Albanian regulatory agencies, civil society groups, and other community NGOs. The Component III Team will conduct a baseline assessment of current customer service management practices that exist in partner utilities, based on review of key customer service functional areas, and provide recommendations for future assistance to improve customer service procedures and interaction with the public. In addition the "Local Government Customer Services Training Manual" developed under LGPA will be reviewed and updated to be used for training of local officials in the selected partner utilities.

1.5.6 Urban Planning

During the Year 1 Work Plan period, PLGP team shall work closely with the Component IV beneficiaries/partners to set the stage for the successful accomplishment of the objectives and results of this Component of the project. The first two actions the team will implement are 1) identification of the partner communities and their specific needs in planning; and 2) preparation of an action plan for the National Territorial Planning Agency (NTPA) as the main PLGP counterpart at the national level, to establish a clear plan of action for PLGP support to build the institutional capacity of the NTPA to carry out its mandate.

The initial identification of needs for territorial planning support at the local level shall be done by the PLGP team during the municipal selection process to be carried out during the first 90 days of project implementation. Once the selection of the partner communities is finalized (after the field assessments and analysis), the PLGP experts will revisit these communities and work to prepare specific work plans

with each municipality/commune. In general, the PLGP team expects that most of the partner communities will be more interested in planning instruments and practices, rather than land development. However, the PLGP team intends to work with the partner communities to create a diversified portfolio. Thus while most of the partner communities will be provided support and training in planning, some of the most advanced ones will also be supported with regard to land development. Along with the technical support for the partner communities, PLGP will also facilitate participatory processes for planning. The latter will include preparation of a specific guideline (in cooperation with NTPA) to be used by the municipalities/communes; identification of stakeholders' groups and representatives in each partner community; and involvement of respective stakeholders based on their specific roles and interests in planning and land development, in compliance with the legal requirements for public participation in the planning processes.

In terms of support to NTPA, the PLGP team will undertake the following actions:

- Conduct a strategic planning process for NTPA, with the creation of a NTPA action plan for the next five years being the final result. The specific areas of assistance and support to be provided by PLGP will be laid out in this action plan. The strategic planning process will include the preparation of the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis; the formulation of the NTPA vision and strategic objectives; and the preparation of a matrix of actions to be taken. This matrix will also include the NTPA departments or sectors responsible for implementing the action, external conditions or actions that are needed, risks, and assumptions.

- Conduct an institutional assessment of NTPA to identify further training needs and, more specifically, the steps for the formulation of internal procedures and regulations for NTPA and NTC. This assessment will also include a more in-depth review of the Planning Registry system, to clearly define the degree of PLGP involvement that is appropriate and warranted, and also to provide NTPA with recommendations on how to proceed with the use and improvement of the Planning Registry.

- Support NTPA in conducting a coaching program (April – September 2012) for 8-11 municipalities that are interested in revising their planning instruments in order to bring them into compliance with the requirements of the territorial planning law (10119/2009) and respective bylaws. This coaching program will be conducted according to a specific calendar. NTPA will invite all of these 8-11 municipalities (a specific provision is made for these municipalities in the planning law) to attend the coaching sessions. However, NTPA will coach only those municipalities that express a genuine interest to participate and demonstrate a willingness to finalize their planning instruments. NTPA and the PLGP planning experts will play an advisory role, while the technical work will be done by the local planning authorities. PLGP expects that out of this pool of 8-11, at least two to three municipalities will submit their planning instruments for approval in line with the territorial planning law by the end of 2012, providing an important example for other municipalities to follow.

Support NTPA in drafting the text for a Decision of the Council of Ministers (DCM) on the uniform structure of the territory reports. These reports should be prepared annually by the local planning authorities, and the NTPA should prepare a national report based on the local reports. As per the Law, the structure of these reports should be defined in a bylaw to be approved by the end of 2012 by the Council of Ministers.

- Support NTPA to prepare a conceptual outline of the process for the preparation and approval of the Request for Initiating the Formulation of the General National Territorial Plan. This outline should include the steps of the process, stakeholders to be involved and specific roles, conditions for success, a list of the information that will be needed, and a preliminary budget. It is based on

this outline that during Year 2 of the Project, the PLGP shall support NTPA in finalizing the Request for GNTP.

- Support will be provided for improving the quality and quantity of information available to the public on the territorial planning process, including revisions to the law, general information and knowledge on territorial planning, and the process of designating the areas/issues of national importance. Additionally, information on other issues of high priority for the NTPA may be provided based on the outcome of the NTPA action plan.

1.6 USE OF SUBCONTRACTORS

In addition to our life of project subcontracts with Valu Add and Co-PLAN, which will provide long-term and short-term technical experts to support the implementation of Components II, III, and IV, there is approximately $20,000 USD budgeted for subcontracts to other local organizations in Year 1 of the Project. We anticipate using a portion of these funds to engage one or more local organizations to facilitate the Year 1 Action Plan process with the partner communities after their selection. There may be other opportunities in the Year 1 Work Plan to engage other local organizations in the implementation of PLGP. At this time, however, we anticipate that the remaining uncommitted funds in this line item for Year 1 will be rolled over to support training and technical assistance needs of our partner communities in the Year 2 Work Plan.

1.7 COLLABORATION WITH OTHER PROJECTS AND DONORS

For PLGP to be successful, our efforts must be closely coordinated with and complement the efforts of other key donors in Albania, such as the EU, World Bank, UNDP, Organization for Security and Co-operation in Europe (OSCE), Swiss Agency for Development and Cooperation (SDC), Swedish International Development Agency (SIDA), and German Development Cooperation (GIZ). All of these donors have been engaged in supporting decentralization and improved local governance in the country, and all have a stake in ensuring that local government obtain a more equal footing in the policy dialogue and development of the legal framework for decentralization. PLGP will coordinate with the donor community through the Sector Working Group on Decentralization and other venues.

One early opportunity for PLGP to complement the efforts of other donors exists under Component IV. Currently at least 13 LGUs[5] in Albania have prepared urban plans with funding from other donors, including the World Bank. However, these LGUs need to revise and finalize their plans in accordance with the new Law on Territorial Planning, which went into effect September 2011. PLGP proposes to provide coaching to these 13 LGUs to assist them in completing their urban plans and to work with the NTPA to shepherd these plans through the approval process. The completion of these plans would provide an example to other LGUs as they initiate the process of developing their urban plans, as well as hands-on experience for the NTPA in carrying out their mandate to assist and guide LGUs through the process of enacting their urban plans.

PLGP will also explore the opportunity to cooperate with *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) on revising the supervisory board guidelines and training manual for water and sewage utilities, and in rolling out this training to our partner communities in Year 2.

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[5] There are more LGUs that have already prepared urban plans with assistance and/or funding of various donors, including World Bank for Shkoder, Durres, Kamez, Vlore, Korce, Lushnje, Gjirokaster, Berat, USAID LGPA for LGPA for Kukes and Fushe-Kruje, the Dutch Embassy for Fier, and Qark of Elbasan for Librazhd, Perrenjas, Belsh, Cerrik, and Peqin. Other municipalities, such as Divjake, Laç, and Orikum, have prepared their urban plans on their own.

2.0 COMPONENT I: DECENTRALIZATION FRAMEWORK

Objective: Support the GoA's work to implement effective government decentralization policies and legislation.

Expected Results:	Indicators:
• The GoA process of providing competitive grants to local governments is transparent, effective, and equitable among local government entities. • The GoA, local governments, and other stakeholders utilize formal collaborative processes to make legislative and policy decisions that affect local government finances, services, and operations, and use of government assets under local government jurisdictions. • Policies and legislation improved to increase the predictability, accuracy, and transparency of local government budgetary processes. • Civil society groups and other nongovernmental organizations participate substantially in local government communications and decisions that affect local communities and citizens.	• Procedures and criteria for selection of competitive grantees officially adopted and published. (Milestone – End of 2013). • Number of (or % of) proposals for competitive grants that are evaluated under the published criteria. • Number of institutions represented at the Decentralization Roundtable events. • Number of local government staff and municipal council members successfully completing USG-sponsored training and/or capacity-building activities. • Number of laws/amendments or government decisions affecting and promoting decentralization drafted with USG assistance. • Citizen Advisory Panel concept endorsed in each MOU (April 2012), and established in each partner community (Milestone Year 2).

Year 1 Work Plan Results:
- A policy dialogue is facilitated by the PLGP and consensus is reached on key issues related to fiscal decentralization in Albania.
- A White Paper on Fiscal Decentralization is prepared, providing an objective basis upon which to frame the discussion of issues concerning intergovernmental finance.
- Recommendations are offered for fair and equitable criteria for the awarding of grants to local governments.
- A National Conference on Decentralization is convened in September.
- The Decentralization Roundtable is created, providing a non-partisan/multi-stakeholder forum to discuss and reach consensus on key issues related to decentralization and strengthening local governance.

- Thematic discussions are organized and "status reports" prepared on municipal finance, municipal borrowing, own-source revenue, and asset management.

Activity	Steps	Target Dates	Responsible Staff
Assist the GoA in clarifying and strengthening the process, criteria, and transparency for allocating competitive GoA grants to local entities.	• Commission White Paper that looks at the system of intergovernmental finance and grant making in order to provide an objective basis upon which to frame the issues in this area for broader stakeholder discussion through the Decentralization Conference planned for late September. • Finalize the white paper and print for dissemination at the Conference.	May – July August	STTA Municipal Finance Expert (international); STTA Municipal Finance Expert (local) Anila Gjika
Assist the GoA and local governments in improving communication and collaboration around decentralization of local governance.	• Conduct Stakeholder Meetings. The COP and Municipal Governance/Decentralization Expert will hold a series of meetings with key representatives from GoA, LG, LG associations, donors, NGOs, and others for the purpose of briefing key stakeholders on PLGP and its goal and objectives; explore existing initiatives and/or opportunities that could serve to re-energize the discourse on decentralization in the country, such as the need to revise the Decentralization Strategy; and build political and donor support for establishing a forum (such as the Decentralization Roundtable) for multi-stakeholder dialogue on decentralization policies and reforms.[6] • Hold meetings with relevant representatives from the following institutions (Tier One): − Ministry of Interior (MoI) − Ministry of Finance (MoF) − Ministry of Public Works and Transportation (MPWT) − Ministry of Environment (MoE) − Development Strategy and Donor Coordination (DSDC) MEI − National Territorial Planning Agency (NTPA) Tier Two: − AAM, AAC, ALA, Associations of Qarks, MPS, NGOs, Foundations, ADF, OSCE, NALAS, Peace Corps (Tier 2) Tier Three: − SDC, ADC, EU, UNDP, GIZ, SIDA, Italian Cooperation, WB, Soros, ISD/UNDP, BLDP/SDC, RDP/SDC/ADA, COE, other USAID Projects	March – June	Peter Clavelle Fatlum Nurja

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[6]   USAID participation and support in organizing key GoA meetings would be very valuable.

Activity	Steps	Target Dates	Responsible Staff
Assist the GoA and local governments in improving policies, legislation, and processes that affect local government operations, finances (including use of debt financing, PPPs, and other alternative financing mechanisms), and the use of central government assets under local government jurisdictions. When legislative changes are recommended, interact with appropriate parliamentary actors.	• PLGP staff prepare status reports on the issues of own source revenue, municipal borrowing, and asset management. • Organize thematic discussion groups consisting of one or two local experts plus representatives from the LG associations, LGUs, and Central Government representatives to review and provide comments. • A forum will be organized in collaboration with other donors (SOROS) and possibly with the Ministry of Finance to build support for the repeal of the Administrative Orders implemented by the Ministry of Finance (MoF) that constrain local borrowing. • Thematic groups continue to meet and refine the status reports in anticipation of presenting these thematic papers and leading the discussion on these topics during the Decentralization Conference in September.	May – August	Anila Gjika Silvana Meko Gentian Selmani
Assist the GoA, LG representatives, and relevant NGOs/municipal associations to make informed decisions based on inclusive consultations/broad consensus that will result in more equitable distribution of resources and delivery of services; and promote development of legislation that would legally require such consultations.	• Conduct a national conference on decentralization and local government issues, in cooperation with the Ministry of Interior or other appropriate government body, and other stakeholders and donors to re-energize discussion on the process of decentralization in the country, and as an opportunity to formalize commitment to the establishment of a Decentralization Roundtable, or other forum for regular non-partisan discussion of issues affecting decentralization and local government in the country. • Finalize White Papers for presentation at Conference in September.	September 27 August May – August	Peter Clavelle Fatlum Nurja Lori Memo

Critical Assumptions:

➢ **From the stakeholders' meeting, a core group of interested champions will emerge for the Decentralization Roundtable.**
➢ **Mayors of selected municipalities will emerge as an engaged voice for local government and decentralization.**
➢ **Political divides at the central level may hinder the participation of key stakeholders in the Decentralization Conference.**
➢ **USAID is prepared to take an active role in the dialogue with the GoA to urge their active participation and support of the Roundtable and other activities.**

3.0 COMPONENT II: LOCAL GOVERNANCE

Objective: Improve the efficiency, transparency, and accountability of local government operations.

Expected Results:	Indicators:
• Selected local government operations, accountability, and transparency improve. • Selected local governments have the tools, skills, and procedures needed to increase local revenues, to optimally utilize central government assets under their jurisdiction, and to create accurate and transparent public budgets. • Selected local government revenues increase and budgetary processes improve. • Community groups, civil society groups, and other NGOs increase their participation in selected local government decision making. • Selected municipal councils perform their roles more effectively. • Selected local governments write effective proposals for accessing relevant EU funding for pre-accession.	• Number of local governments that institute open and participatory hearings/meetings on finances (budget, expenditures, tax rationalization, planned borrowing, and grant applications). • Percentage of attendees at public hearings on budgets and services who report (post-meeting questionnaire) that they felt the meeting was transparent and that government was responsive to citizen/CBO ideas. • Number of partner community staff that receives USG-assisted fiscal and management training. • Number of local governments that implement and use computerized systems for finances, taxes, inventory, and asset management. • Number of sub-national government entities receiving USG assistance to improve their performance. • Average percentage increase in own source revenues for partner communities. • Number of municipalities that establish a regular mechanism to solicit input from civil society on constituent needs and priorities (regular meetings, councils, or roundtables). • Number of municipal council members trained on their roles and responsibilities. • Percentage Instrument for Pre-Accession Assistance (IPA) proposals (from partner communities) funded. (Note: Partner communities will be competing in a larger EU universe, tracked only for analysis purposes.)

Year 1 Work Plan Results:

- MOUs are signed with each partner LGU upon completion of selection process and approval from USAID.
- An ICT assessment is completed in each selected partner LGU.
- An ICT Action Plan is developed following the assessment to determine the intervention approach.
- Four Status Reports are prepared in the areas of Own Source Revenues, Borrowing, Asset Management and Territorial Planning.
- An Action Plan is developed with each partner LGU to identify needs and priorities and to plan PLGP level of engagement.
- A roundtable on Property Tax and Administration of Taxes is organized.
- A mapping of counterpart NGOs/business organizations in partner communities is conducted.

Activity	Steps	Target Dates	Responsible Staff
Conduct Ranking and Recommendation Process for LGU participation in PLGP	• Prepare and Send Invitation and Questionnaire. • Review Responses/Shortlist Target LGUs. • Develop Selection Criteria. • Obtain USAID Approval of Selection Criteria. • Approve Pre-selection Criteria. • Conduct Evaluation (MCI). • Conduct Field Visit. • Submit Final Proposal for Target LGUs. • Obtain USAID Approval of Target LGUs. • Prepare MOU. • MOU Signed (MoU Signing will also serve as a Project Launching Ceremony)	February – March April 26	STTA Municipal Selection Team: David Smith and Lynnette Wood Meko Memo Selmani Shani Toto Gjika
Conduct ICT Needs Assessment and Deliver Action Plan	• Develop Criteria to Assess LGU ICT Capacity. • Conduct ICT Assessment of Targeted LGUs. • Produce ICT Action Plan. • Develop Specifications for LGU Hardware/Software. • Get ICT Plan Approval.	April – July	ICT Expert Meko Selmani

Activity	Steps	Target Dates	Responsible Staff
Assist selected local governments to improve the following: tax collection; alternative methods to increase own source revenues; management of assets under local government jurisdictions; and the predictability, accuracy, and transparency of local government budgetary processes.	• **Prepare Status Reports on OSR, Municipal Borrowing, Asset Management, and Territorial Planning:** − *Own Source Revenue (focusing on Immovable Property Tax)*: Prepare a Status Report on the current situation and principal sources of local tax revenue, including an examination of the Immovable Properties Tax as an opportunity to increase local revenues. Compile a list of recommended changes in Tax Policy and/or Tax Administration. Examine short- and medium-term recommendations for improving IPT-collected revenues. Consider accountability and transparency of Local Tax Administration and opportunities for automation of this function.	June	Silvana Meko
	− *Asset Management*: Prepare a Status Report on the current situation regarding the national properties transferred to LGUs. Identify issues to be addressed in the registration of assets. Examine efficient and creative ways to utilize local assets, including issues to be addressed in the acquisition, privatization/sale, and lease process. Look at opportunities to create PPPs around assets.	June	Gentian Selmani
	• **Territorial Planning: Prepare a Status Report** on the current status of LGUs Territorial Plan, prioritizing issues to be addressed and steps to be taken at the local level (with LGUs) and central level (with NTPA and other Ministries) to address the issues. Also examine opportunities for coordination with other donors.	June	Rudina Toto

Activity	Steps	Target Dates	Responsible Staff

	• **Develop Year 1 Action Plans with Partner Communities:**
	  – Identify local stakeholders.
	  – Determine the Leading Contact Point at municipal level and agree on the proposed list of stakeholders.
	  – Determine and agree on the dates of the Action Planning workshop.
	  – Prepare SOW and select workshop facilitator.
	  – Determine workshop venue and arrange necessary logistics.
	  – Conduct the two-day workshop.
	  – Finalize and agree to the Action Plan with local stakeholders and PLGP management.
	  – Appoint point of contact among PLGP staff for each partner community.
	  – Review existing strategic plans and other local planning documents and resources that exist.
	  – Facilitate a two-day action planning process in each partner community to identify needs and priorities, and a plan for deploying PLGP resources and accessing other resources that may exist, for the coming year.
		May
		
		June – July
		
		End of July
			Memo
			Meko
			Selmani
			Nurja
			Shani
			Local Facilitators

	• **Organize Roundtable Discussions on Immovable Property Tax and Local Tax Administration:** – Organize first of three regional roundtables on local government tax administration. Remaining two workshops to take place in Year 2.	September	Meko

Assist selected local governments in raising citizen awareness of local government functions, citizen rights and responsibilities, and citizen participation in local government decision making.	• **Assess Partner Communities for Citizen Advisory Panel Establishment:**
	  – Assess level of civic engagement as part of the MCI.
	  – Conduct a mapping of counterpart NGOs/business organizations in partner communities during the field visits during municipal selection process and later.
	  – Based on this mapping, identify potential partners for the CAP and develop contacts with civil society in the partner communities and establish dialog with them.
		May – September	Memo
			Respective Point of Contact

4.0 COMPONENT III: UTILITY MANAGEMENT

Objective: Improve local government management and oversight of selected public utilities to provide services in accordance with EU standards.

Expected Results:	Indicators:
• Selected local governments effectively oversee jointly owned utility companies. • Supervisory boards' roles in selected local governments are better defined and performance improves. • Selected local governments implement policies and procedures for utilities that are consistent with EU standards. • Selected local governments, GoA regulatory agencies, civil society groups, and other NGOs improve communication and interactions.	• Number of local government shareholder assemblies with strategic plans in place to exercise effective oversight of jointly owned water utilities. • Number of inter-government utility Supervisory Boards that implement regular evaluation procedures to measure performance of the utilities they oversee. • Number of utility/service Supervisory Board members trained on (1) oversight roles and responsibilities and (2) EU environmental compliance standards. • Number of utility staff trained on (1) improved utility management practices and (2) EU environmental compliance. • Number of public services that achieve at least 80% cost recovery from fees and charges. • Number of utilities adopting EU-compliant policies and procedures issuing a compliance analysis. • Number of public services/utilities adopting Quality Service Improvement Plans (QSIPs) / Business Planning Model. • Increased customer satisfaction with related municipal services (measured by QSIP citizen focus groups).

Year 1 Work Plan Results:
- One MOU with the WRA to work on updates of the Supervisory Council Guideline and Training Manual is prepared and signed.
- An updated Supervisory Council Guideline and Training Manual is prepared.
- One revised MOU between WRA and WWAA to establish an agreement on policy for mandatory trainings for Utilities Supervisory Board and staff is prepared.
- One draft training schedule planned for Year 2 is prepared.
- A Report on status of application of Business Planning practices currently in use by partner utilities is prepared.
- A Business Planning Model and Process to partner utilities' senior management and their respective SB is introduced.
- A revised internal Management Reporting Practices used by senior management of partner utilities is prepared.
- A plan for engagement of Tetra Tech ARD for convergence of the Albanian legislation with EU Water Directives is prepared.
- An outline of a draft training course on EU environment laws, standards, and practices in water, wastewater, and solid waste management fields is prepared.
- A report for baseline assessment of current status of Customer Service Management in partner utilities is prepared, including recommendations for future assistance to improve Customer Service procedures.
- A revised Local Government Customer Service Training Manual that was developed before under LGPA is prepared.

Activity	Steps	Target Dates	Responsible Staff
Update the Supervisory Council Guideline and Training Manual.	The existing Supervisory Council Training Guideline and Trainers Manual will be reviewed and updated to reflect the changes particularly related to the legal framework, the recently approved Tariff Methodology as well as Tools and Methodologies to Monitor Utility Performance and oversight, etc. • Develop MOU with the WRA to work on the updates. • Consult with GIZ regarding possible cooperation in this update process. • Work with WRA to update the Guideline and Training Manual simultaneously. • Receive WRA approval for the updated Guideline and Training Manual. • Issue updated Guidelines to Supervisory Councils. • Hold planning meetings with the WRA for trainings with Supervisory Boards of water utilities owned by partner communities to take place in Year 2. Review MOU between WRA and WWAA to establish agreement on policy for mandatory trainings for Water Utility Boards and staff. • Draft a training schedule planned for Year 2.	April – September April April May – June July August September September	Shani Giantris STTA Legal Expert

Activity	Steps	Target Dates	Responsible Staff
Assist selected LG and SB in particular in developing skills, defining roles, and building knowledge needed to effectively manage and jointly oversee utility companies.	• Review and adapt Tetra Tech ARD Quality Service Improvement (QSIP) into Business Planning Model to reflect the Albanian context and for use with public utilities.	July	Shani
	• Review the status of application of Business Planning practices currently in use by partner utilities.	September	Forbes, Shani
	• Introduce the Business Planning Model and Process to partner utilities' senior management and their respective Supervisory Councils.	September	Shani, Giantris, STTA Business Plan Expert
	• Commence work with two partner utilities to update their business plans, focused on quantified strategic goals, defined performance improvement programs, a forecasted financial plan that progresses toward full cost recovery, and a rational tariff strategy.	June – July	Shani and Local Business Planning STTAs
	• Review the Internal Management Reporting Practices used by the Water Utility Senior Management of partner utilities.	August – September	Forbes, Shani, Giantris, Local Business Plan STTAs
Assist GoA and LG in ensuring that laws, policies, procedures, and services are consistent with EU standards and environmental standards.	• Consult with the officials of GoA and other donors to review the current status and commitment to move toward convergence of Albanian legislation with EU Water Directives and develop a plan for our engagement.	July – August	Shani STTA Environmental Lawyer
	• Review the legal framework in Albania in the areas of water, wastewater, and possibly solid waste and start to outline a draft training course on EU environmental laws, standards, and practices in the water, wastewater, and solid waste management fields.	September	Shani Giantris Local Environmental Legal STTA
Assist in improving interaction and communication among the selected local governments, GoA, Albanian regulatory agencies, civil society groups, and other community NGOs.	• Assist in developing a Service Delivery Agreement model.	July – September	Shani, Giantris,
	• Conduct a baseline assessment of current Customer Service Management that exists in partner utilities, based on key customer service functional areas, and provide recommendations for future assistance to improve Customer Service procedures and interaction with the public.	July – September	Shani Local Utility Customer Service STTA
	• Review and update the Local Government Customer Services Training Manual developed under LGPA.	August – September	Giantris Local Customer Service STTA

Critical Assumptions:

➢ **Attendance of SB workers to be supported by WRA and that GIZ funding can be used for some of these activities.**
➢ **The WRA will approve the granting of certificates of full participation.**
➢ **Difficult to organize events for SB and staff during the summer months because these are very busy months for them.**
➢ **It is currently not mandatory for WB workers to pay for training yet, but assume this is something that will be approved in near future.**
➢ **Attendance of SB members in training to be supported by WRA and that GIZ funding can be used for some of these activities.**

5.0   COMPONENT IV: URBAN PLANNING

Objective: Strengthen the capabilities of the GoA and local governments to plan and manage urban and regional growth.

Expected Results:	Indicators:
• NTPA (National Territorial Planning Agency) will improve its capacity to exercise its mandate to effectively implement the TPL (Territorial Planning Law). • NTPA develops a conceptual framework for the National Territorial Plan in accordance with the Territorial Planning Law. • Selected local government planning departments increase their capacity to draft and review local territorial plans in accordance with the Territorial Planning Law. • Civil society groups, businesses, and other NGOs in the selected local governments increase participation in and oversight of territorial planning.	• Action Plan for the NTPA with clear task actions and lines of authorities drafted with USG assistance. • Inputs for a functional NTPA central GIS database provided. • Conceptual framework (Request) for the General National Territorial Plan (GNTP) drafted with USG assistance and submitted to the GoA for approval (Milestone – End 2013). • Number of local planners, mayors, municipal staff, and councilors in the selected municipalities trained with regard to the implementation of the Territorial Planning Law and related regulations. • Number of partner communities drafting (for submission) local territorial plans and land development instruments within the established guidelines and regulation. • Number of citizen participation events organized by local government held in partner communities to explain and solicit input into the local territorial plan. • Number of businesses and local stakeholders participating in the drafting and approval process of Municipal Territorial Plans.

Year 1 Work Plan Results:
- One DCM on uniform template for territory reports for local governments and national planning authorities is prepared and endorsed by the Council of Ministers.
- One outline for the structure and process of preparation and approval of GLTP Request is prepared and endorsed by NTPA.
- 8-11 municipalities are coached by NPTA with PLGP support to revise their local territorial plans and at least two to three are ready to submit their plans for approval at local council and NTC.
- Work plans on territorial planning support from PLGP are prepared for all PLGP partner communities.

- A report on the status of the Planning Registry at NTPA (at the national level) is prepared and gaps and issues for future consideration are identified.
- An institutional analysis for NTPA is prepared.
- An action plan for NTPA for the short- and medium-term period (covering also PLGP lifetime) is prepared and approved by NTPA.

Activity	Steps	Target Dates	Responsible Staff
Develop NTPA Action Plan.	- Conduct series of strategic planning sessions/training with NTPA Director and staff to review current NTPA strategy documents, conduct SWOT analyses, and outline steps required for achieving the NTPA mandate, including training and capacity-building needs of NTPA and LGs to be carried out by PLGP. - Prepare draft Action Plan for NTPA review. - Revise Action Plan and obtain NTPA approval. - Submit Action Plan for USAID review and approval. - Hold MOU signing event with NTPA.	February – March March March March 30, 2012 April 13	Angelo D'Urso Rudina Toto STTA Edmond Lekaj for GIS assessment
Assist NTPA in developing a conceptual framework for the National Territorial Plan in accordance with the Territorial Planning Law and implementing regulations.	- Provide technical assistance to the NTPA for the development of an outline for the Request (Conceptual Framework) General National Territorial Plan. - Assist NTPA with the meeting of the legal requirements for their submission to the Council of Ministers.	April – September September	Angelo D'Urso Rudina Toto
Assist selected local government planning departments in developing skills and knowledge to draft territorial plans in accordance with the Territorial Planning Law.	- Support the NTPA in the development of a template of the Territorial Report to be submitted by LGUs and for the national report compiled by the NTPA. - Support NTPA to provide training and coaching to up to 11 LGUs that have draft municipal plans prior to the new urban planning law entering in force to help them revise and finalize their plans in keeping with the new law. These LGUs are Durres, Kamez, Shkoder, Vlore, Lushnje, Berat, Gjirokaster, Korçe, Fier, Kukes and Fushe-Kruje. - Undertake an institutional assessment of LG partners that will look at the structures and procedures in place and develop a plan for assistance to improve the urban planning function in LG partners.	June – July April – September May – September	Angelo D'Urso Rudina Toto Rudina Toto STTA, Dritan Shutina STTA, Eriselda Cobo Rudina Toto STTA, Eriselda Cobo

Activity	Steps	Target Dates	Responsible Staff
Assist selected local government planning departments in developing skills and knowledge to use Geographic Information System (GIS) to review and update plans.	• Assess GIS capacity and needs among partner municipalities as part of the broader ICT assessment and development of the ICT Action Plan. • Assess the current capacity of the Planning Registry to incorporate GIS, especially in the areas of the planning and permitting registries.	May – June July – August	STTA, Edmond Lekaj STTA, Edmond Lekaj
Assist civil society groups, businesses, and other NGOs in increasing participation in and oversight of territorial planning.	• Explore opportunities for citizen engagement in the planning process in preparation for the Year 2 Work Plan, including looking at opportunities to utilize the Training Manuals and Citizen Guidelines prepared by the WB.	April – September	Rudina Toto Lori Memo

Critical Assumptions:

➢ **When municipalities develop plans they are required to upload it to the Planning Registry (PR) in order to be able to use it for issuing permits. However, if the PR platform is not functioning, then they will not be able to move this process forward. Assume this aspect of the PR is functioning, or can be made functional with a modest investment from the Project.**

➢ **When doing the ICT assessment, we need to make sure it is broad enough to assess these issues with the PR. This may require more time to complete the ICT assessment.**

➢ **Assume the NTPA will agree to our working with the 10-13 municipalities that already have plans in order to finalize the plans in accordance with the new Law.**

➢ **Rivalry between the Ministry of Public Works (MoPW) and NTPA exists. The Ministry wants to maintain control over some of the NTPA functions. They made some changes to the Law as they were put forward, reducing somewhat the role of the NTPA. Changes are made without being clearly thought through. Recently the MoPW amended the regulations to allow Urban Plans that had already been put into force prior to the new legal framework to remain in force. This contradicts the law, which says they must revise Urban Plans that were previously approved in keeping with the new law. A critical assumption is that the legal framework is not modified in a way that makes the Law difficult to implement.**

6.0 MONITORING AND EVALUATION

Activity	Steps	Target Dates	Responsible Staff
Finalize and Maintain Performance Monitoring Plan (PMP).	• M&E Specialist Joe Le Clair travels to Albania as part of project start-up to work with the COP, PLGP team, and local partners to finalize the indicators, develop the PIRs, and set targets. • Submit final PMP to USAID for review and approval.	February 4 – 18 March 2	Joe Le Clair
	• Recruit and hire local M&E/Reporting Specialist to provide ongoing support for maintaining, updating, and reporting on project performance.	March 10	Peter Clavelle
	• Train local M&E/Reporting Specialist on the PMP and in responsibilities for data collection, data quality assessments, reporting, etc.	March – September	Joe Le Clair
	• Revise PMP based on experience with indicators during the Year 1 Work Plan period and submit with Year 2 Work Plan.	August 1	M&E/Reporting Specialist Joe Le Clair
Document project success.	• Identify potential success stories through follow-up to project activities including training, technical assistance, etc. • Develop project success stories through field visits, interviews, and data collection and prepare at least one success story for submission with each Quarterly Report.	Quarterly	M&E/Reporting Specialist

7.0 IMPLEMENTATION TIMELINE

Albania Planning and Local Governance Project Year One Work Plan

	Quarter 2			Quarter 3			Quarter 4		
	Jan	**Feb**	**MAR**	**Apr**	**May**	**June**	**Jul**	**Aug**	**Sept**
PROGRAM START-UP & ADMINISTRATION									
Contract Awarded (January 3)	△								
Submit final Mobilization Plan to COTR (January 9)	◆								
COP mobilizes (January 27)		△							
Hire Local Staff and Establish project office		▬							
PLGP Office Open (February 20)		△							
Work Plan Consultations and Preparation (Work Plan Session February 7-8)		▬							
Draft Work Plan Submitted to COR for Review (March 2)			◆						
Comments from COR On Work Plan due			△						
Final Work Plan Submitted to COR for Approval				△					
Finalize Performance Monitoring Plan (PMP)		▬							
Submit PMP to COR for Approval (March 2)			◆						
Finalize Life of Project Work Plan			▬						
Submit LOPWP to COR for Approval (March 30)			◆						
Year Two Work Plan Consultations and Preparation							▬		
Year Two Work Plan Session held							△		
Draft Year Two Work Plan Submitted to COR for Review								◆	
Comments from COR on Year Two Work Plan due								△	
Final Year Two Work Plan Submitted to COR for Approval									△
COMPONENT 1: SUPPORT THE GOA's WORK TO IMPLEMENT EFFECTIVE GOVERNMENT DECENTRALIZATION POLICIES AND LEGISLATION									
Result 1: GoA process of providing competitive grants to local governments is transparent, effective, and equitable among local government entities									
Preparation of White Paper on Inter-Municipal Finance					▬	▬			
Finalization of White Paper and Dissemination of Results								▬	
Presentation of White Paper at Decentralization Conference with recommendations for how to move fiscal decentralization forward									△
Result 2: GoA, local governments, and other stakeholders utilize formal collaborative processes to make legislative and policy decisions that affect local government finances, services, and operations, and use of government assets under local government jurisdictions									
Conduct Stakeholder Meetings with GoA, LG, donors, etc., to build support for establishing multi-stakeholder policy forum on decentralization			▨	▨	▨	▨			

Activity	Quarter 2			Quarter 3			Quarter 4		
	Jan	Feb	MAR	Apr	May	June	Jul	Aug	Sept
Establish multi-stakeholder Steering Committee to organize Decentralization Conference						●			
Steering Committee meets bi-weekly to prepare for the Decentralization Conference						hatched bar	hatched bar	hatched bar	
Decentralization Conference held to review the status of decentralization in the country, to establish priorities for moving process forward, and to formalize the establishment of a Decentralization Roundtable (or similar forum)									△
Result 3: Policies and legislation improved to increase the predictability, accuracy, and transparency of local government budgetary processes									
Prepare Status Reports on own-source revenue, municipal borrowing, and asset management					bar	bar			
Organize Thematic Working Groups to review and refine Status Reports							bar	bar	
Present Status Reports at Decentralization Conference with recommendations for how to move forward in each area									△
Result 4: Civil society groups/other nongovernmental organizations participate substantially in local government communications and decisions that affect local communities and citizens									
Conduct Stakeholder Meetings with local government associations, and key NGOs regarding their engagement in a multi-stakeholder policy forum on decentralization					hatched bar	hatched bar			
Engage LG associations and NGO representatives in Steering Committee, Thematic Working Groups, and other activities in preparation for the Decentralization Conference							hatched bar	hatched bar	
Develop strategy for LG Associations and CSO engagement in the Decentralization Roundtable to be presented at the Decentralization Conference								bar	bar
COMPONENT II: IMPROVE THE EFFICIENCY AND MANAGEMENT OF LOCAL GOVERNMENT OPERATIONS									
Result 1: Selected local government operations, accountability, and transparency improve									
Send letters of invitation and self-assessment questionnaire to initial group of 29 municipalities		●							
Finalize municipal selection criteria in consultation with USAID and local partners			bar						
Carry out field visits to short-listed local government units			bar						
Submit recommendations for 10-15 partner communities to USAID for approval				△					
MOU signing ceremony with partner communities					●				
Conduct Action Plan sessions with partner communities to identify year one priorities for PLGP					bar	bar	bar		
Result 2: Selected local governments have the tools, skills, and procedures needed to increase local revenues, to optimally utilize central government assets under their jurisdiction, and to create accurate and transparent public budgets									
Conduct IT and GIS needs assessment in partner municipalities					bar	bar			
Identify existing software packages					bar				

Activity	Quarter 2			Quarter 3			Quarter 4		
	Jan	Feb	MAR	Apr	May	June	Jul	Aug	Sept
Prepare ICT Action Plan for USAID approval including cost estimates for hardware and software applications					▬	▬			
Submit ICT Action Plan to USAID for review/approval							◆		
Prepare procurement plan and tender documents for initial ICT procurements								▬	▬
Prepare Status Reports on own-source revenue, municipal borrowing, and asset management					▬	▬			
Present results of the Status Reports at the Decentralization Conference and Partner Community Annual Planning Workshop									▲
Result 3: Selected local government revenues increase and budgetary processes improve									
Organize Regional Roundtables with local government on the Immovable Property Tax and Local Tax Administration									●
PPP training for partner communities							●		
Result 4: Community groups, civil society groups, and other NGOs increase their participation in selected local government decision making									
Conduct a mapping of NGOs and business organizations in each partner community					▬	▬			
Invite NGOs and businesses for participation in the Citizen Advisory Panels for each partner community								▬	
Result 5: Selected municipal councils perform their roles more effectively									
Meet with Municipal Councils to gauge interest as part of municipal selection process			▬						
Representatives of Municipal Councils invited to participation in Action Plan sessions with partner communities					▬	▬			
Representatives of Municipal Councils invited to attend Regional Roundtables on Immovable Property Tax and PPP training							●		●
Result 6: Selected local governments write effective proposals for accessing relevant EU funding for pre-accession									
Meet with EU representatives to identify funding opportunities available to local governments and review funding requirements						▨			
COMPONENT III: IMPROVE LOCAL GOVERNMENT MANAGEMENT AND OVERSIGHT OF PUBLICALLY OWNED UTILITIES, IN ACCORDANCE WITH EU STANDARDS									
Result 1: Selected local governments effectively oversee jointly owned utility companies									
Work with WRO to update the Supervisory Council Guideline and Training Manual					▬	▬			
Issue updated Guidelines to Supervisory Councils								▬	
Hold planning meetings with the WRO for trainings with Supervisory Boards of water utilities owned by partner communities to take place in Year 2									▬
Result 2: Supervisory Boards' roles in selected local governments are better defined and performance improves									
Review the status of the application of Business Planning practices currently in use by partner utilities Manual					▬	▬	▬		

Activity	Quarter 2			Quarter 3			Quarter 4		
	Jan	Feb	MAR	Apr	May	June	Jul	Aug	Sept
Introduce the Business Planning Model and Process to partner utilities senior management and their respective Supervisory Councils								███	███
Commence work with two partner utilities to update their business plans								██	█
Review the Internal Management Reporting Practices used by the Water Utility Senior Management of partner utilities								███	
Result 3: Selected local governments adopt policies and procedures for utilities that are consistent with EU standards									
Consult with the officials of GoA and other donors to review the current status and commitment to move toward convergence of Albanian legislation with EU Water Directives and develop a plan for Project engagement							███	███	
Review legal framework in Albania in the areas of water, wastewater, and possibly solid waste and start to outline a draft training course on EU environmental laws, standards, and practices in the water, wastewater, and solid waste management fields.									███
Result 4: Selected local governments, GoA regulatory agencies, civil society groups, and other NGOs improve communication and interactions									
Conduct a baseline assessment of current Customer Service Management that exists in partner utilities, based on key customer service functional areas, and provide recommendations for future assistance to improve Customer Service procedures and interaction with the public.							███	███	
Review and update the Local Government Customer Services Training Manual developed under LGPA.								███	███
COMPONENT IV: STRENGTHEN THE CAPABILITIES OF THE GOA AND LOCAL GOVERNMENTS TO PLAN AND MANAGE URBAN AND REGIONAL GROWTH									
Result 1: NTPA improves its capacity to exercise its mandate to effectively implement the Territorial Planning Law									
Conduct series of strategic planning sessions/training with NTPA Director and staff to review current NTPA strategy documents and outline steps required for achieving the NTPA mandate, including training and capacity building needs of NTPA and LGs to be carried out by PLGP		███	███						
Prepare draft Action Plan for NTPA review and approval			███						
Submit Action Plan for USAID review and approval				△					
MOU signing event with NTPA				●					
Result 2: NTPA develops a conceptual framework to implement the National Territorial Plan in accordance with the Territorial Planning Law									
Provide technical assistance to the NTPA for the development of an outline for the Request (Conceptual Framework) General National Territorial Plan				▨▨	▨▨	▨▨	▨▨	▨▨	▨▨
Assist NTPA with the meeting of the legal requirements for their submission to the Council of Ministers.									███

	Quarter 2			Quarter 3			Quarter 4		
	Jan	Feb	MAR	Apr	May	June	Jul	Aug	Sept
Result 3: Selected local government planning departments increase their capacity to draft and review local territorial plans in accordance with the Territorial Planning Law									
Assess GIS capacity and needs among partner municipalities as part of the broader ICT assessment and development of the ICT Action Plan					▰ Ongoing	▰			
Assess the current capacity of the Planning Registry to incorporate GIS, especially in the areas of the planning and permitting registries							▰ Ongoing	▰	
Result 4: Civil society groups, businesses, and other NGOs in the selected local governments increase participation in and oversight of territorial planning									
Opportunities for citizen engagement in the planning process will be explored in preparation for the Year 2 Work Plan, including looking at opportunities to utilize the Training Manuals and Citizen Guidelines prepared by the WB in core partner communities				▨ Intermittent	▨	▨	▨	▨	▨
REPORTS									
Ongoing monitoring and updating of PMP			▨	▨	▨	▨	▨	▨	▨
Monthly Alert reports		●	●	●	●	●	●	●	●
Submit Quarterly Activity Reports					●			●	
Monthly expenditure reports		●	●	●	●	●	●	●	●
Quarterly accrual reports					●			●	
Submit Annual Report									●
STTA reports & special reports			▨	▨	▨	▨	▨	▨	▨

Key:

● = Event or Report   ▰ = Ongoing Activity   ▨ = Intermittent Activity

△ = Activity Execution or Milestone   ◆ = Deliverable